

THE STATE OF

Welfare *in* Butte County

Since Congress passed “welfare reform” in 1996, major changes were made to welfare policy under Temporary Assistance to Needy Families (TANF), including work requirements for low-income parents, and a lifetime limit on welfare benefits of five years. Funding for childcare was dramatically increased and at the same time, welfare caseloads declined dramatically across the country and record numbers of single mothers moved from welfare to work.

MELISSA GARCIA — As a homeless teenage mother, I married a man I thought was my answer to getting off welfare. My ex-husband was a tremendous financial support, but extremely violent. My children and I barely escaped with our lives, and I worried how I would support us. At age 33, I’ve never earned more than \$7 an hour. But after enrolling in school, against my caseworker’s advice, I’ve been able to succeed. With my BA in social sciences, I’m pursuing a Masters teaching credential to become a teacher, a demand occupation that pays more than \$15 an hour. Education, not marriage, is the key to escaping poverty.



But while policymakers declare welfare reform a success, the experience of many poor families indicates that the work of reforming welfare is still not done. Parents who left welfare for work don’t earn enough to support their families. The welfare rolls have declined, but millions of children remain poor. Tens of thousands of low-income mothers have been forced out of education and training programs—the most secure route to self-sufficiency for their families—and remain stuck in low-wage, dead-end jobs. And in 2003, more than 100,000 low-income families in California will reach their five-year lifetime limit and lose welfare benefits that enable them to provide food and shelter for their children.

This year, as Congress prepares to reauthorize welfare reform, policymakers have the opportunity to create policies that will move low-income families not just off welfare, but out of poverty, for good. We hope this Summary of the State of Welfare in Butte County will be an important resource to policymakers, the media, and our community as we prepare for this challenge in 2002.

IS TANF working for families?

Butte County Sanctions vs. Employment



California Department of Social Services,
"CalWORKs Welfare to Work Monthly Activity
Report" WTW25 and WTW25A,
September 2001 (Version 2).

California Sanctions vs. Employment



California Department of Social Services,
"CalWORKs Welfare to Work Monthly Activity
Report" WTW25 and WTW25A,
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Under TANF, states were given incentives to reduce caseloads. Consequently, hundreds of thousands of parents were forced off the welfare rolls, leading policymakers to claim that welfare reform is working, even though more parents lost benefits due to punitive sanctions, rather than increased earnings due to employment. The experience of these families raises the question: is caseload reduction a true measure of success?

- Since 1998, over 20% of parents who left welfare for work in Butte County ended up unemployed and back on welfare less than a year after getting their job¹
- Of 1,000 parents in a job search program in Butte County, less than 28% found jobs.²
- In September 2001, 35 parents in Butte County left welfare due to work. By contrast, 186 families lost their welfare benefits that month due to paperwork errors or punitive sanctions. In many instances, parents were sanctioned for missing or arriving late for appointments, refusing to quit school to participate in job search and other work-first activities, or for not participating in welfare-to-work activities even when the parent or child was disabled or did not read or understand English.
- Statewide, 50% of parents on welfare are working, but in low-wage, dead-end jobs with earnings so low, they still qualify for welfare benefits that under TANF, will end after five years.³
- Under TANF, parents are not being referred to educational programs and given the chance to move up to better-paying jobs. Statewide, only 5.6 percent of parents are enrolled in postsecondary education or training programs, and only 1.3 percent are enrolled in employment-related education.⁴

1. R. Mark Gritz, Charles Lieberman, David Mancuso, Akiba Scroggins, The SPHERE Institute, *Welfare Recidivism and Use of Non-Cash Aid by Welfare Leavers in California*, March 2001.

2. Butte County Social Services Annual Report, 2001.

3. California Dept. of Social Services, "CalWORKs Characteristics Study," September 2001.

4. U.S. Department of Census, Current Population Survey, 1992–2000, in Robert Enoch Buck, San Diego State University, "The Impact of Postsecondary Education on Poverty, Employment and Labor Force Participation Among Single Female Heads of Household with Children."

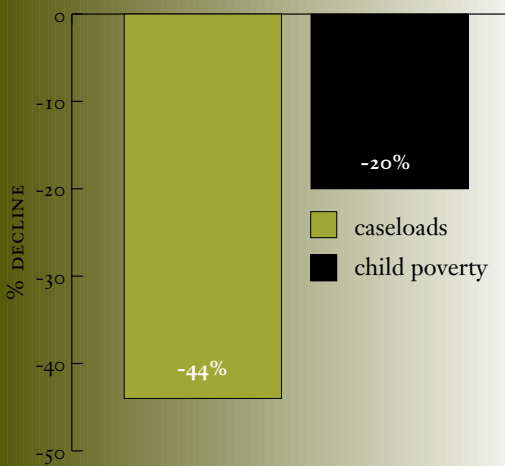
TAMI McARTHUR — After I left an abusive marriage, welfare enabled me to complete high school and an associate's degree, before I transferred to Chico State and earned my BA in Social Work. Thanks to my education, I have a career at the Butte County welfare department and earn enough to support my family. Through education, I have broken the cycle of poverty and exited the welfare rolls for good. When reauthorizing TANF, I urge Congress to give other poor mothers the same chance.



IS TANF helping California families move out of poverty?

Caseloads vs. Child Poverty Reduction

California 1995–2000



California Budget Project, "What We Know About Welfare Reform in California," October 2001; U.S. Census Bureau Current Population Survey data tabulated by Children's Defense Fund.

Welfare reform succeeded in reducing caseloads, but did TANF reduce child poverty in California? Has welfare reform helped parents get jobs, and do they earn enough to support their families? What will happen in 2003, when TANF families who are working, but not earning enough to exit the welfare rolls, hit their five-year lifetime limit on welfare benefits?

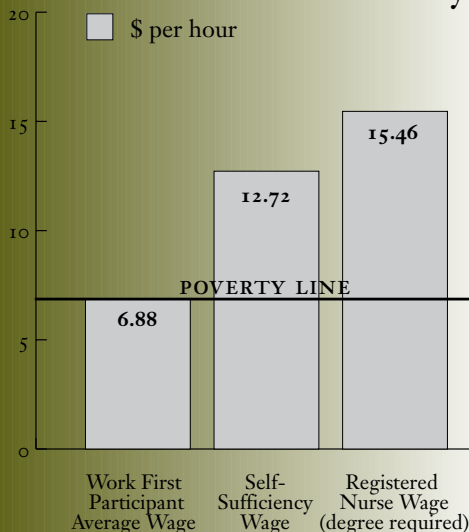
The numbers tell the story: Since January 1998, welfare caseloads statewide have plummeted by 44 percent, but child poverty fell by only 20 percent. Much of the decline in child poverty may be attributed to the strong economy, and it remains uncertain how much of the decline was due to welfare reform. However, a national leavers study found that 70% of parents leaving welfare for work had earnings below the poverty line.¹ The reality is that welfare reform may have increased child poverty among families on welfare, even though overall, child poverty declined.

How have poor families fared under welfare reform in Butte County? In 2000, only 28% of CalWORKs parents in a "work-first" program were able to find employment. Those who did had wages of only \$6.88 an hour, far below what parents need to support their families themselves (see chart at left). Because many parents were engaged in temporary or part time work, they earned an average of only \$9,072 per year; wages that are 35 percent below the poverty line for a family of three.²

But does the poverty line tell us enough? According to the Self-Sufficiency Standard for Butte County, a single mother with two school age children—the average size of a family receiving welfare—must earn \$12.72 per hour in order to be self-sufficient.³ Clearly, welfare reform has not succeeded in moving families out of poverty or into self-supporting work. By contrast, with access to education and training, a parent who completes an associates or bachelor's degree as a registered nurse can make a median entry level wage of \$15.46 per hour; with median wages rising to \$18.87 after three years.⁴

What will happen when poor families reach their welfare time limits in 2003? In January 2003, approximately 100,000 poor families in California will reach their five-year lifetime limit on welfare benefits.⁵ Unlike many other states, California doesn't have a full-family sanction, which means that only parents will be cut from the grant, while their children continue to receive aid. Nonetheless, critical welfare benefits to the entire family will be reduced, and more than 200,000 children will experience increased hunger and poverty as a result.

Work First vs. Self Sufficiency in Butte County



Butte County Department of Social Welfare, 2000 *Annual Report*; Wider Opportunities for Women, *The Self-Sufficiency Standard for California*; *Occupational Outlook & Training Directory Butte County, 2000/2001*

1. Arloc Sherman, Cheryl Amey, Barbara Duffield, Nancy Ebb, and Deborah Weinstein, "Welfare to What: Early Findings on Family Hardship and Well-Being" (Washington, DC: The Children's Defense Fund, December 1998).
2. California Department of Social Services, "CalWORKs Adult Recipients: Calendar Quarter I, 2001."
3. Wider Opportunities for Women, *The Self-Sufficiency Standard for California, 2000*.
4. 2000/2001 Butte County Occupational Outlook & Training Directory.
5. Western Center on Law and Poverty, "Recommendations on CalWORKs, California Working Families Policy Summit," 2002.

WHAT ARE THE

possibilities for change under TANF reauthorization?

CATHY LeBLANC — At 38, I became a single mother, alone with three children after their father died. Home was a cabin in the woods, with a generator for electricity that ran only slightly better than my car. We were 30 miles from the nearest town, with no public transportation. There was only one childcare provider in our community and even less jobs.

If it hadn't been for welfare, I don't know how the kids and me would have survived. What will happen to families like mine when they reach their time limits in 2003?



Enact welfare policies with the goal of poverty reduction, not caseload reduction.

Under welfare reform, poverty reduction was not a stated goal of TANF, and states were given financial incentives to reduce caseloads, not child poverty. For welfare reform to truly work for poor families, Congress should reward states that help parents get jobs at wages that support their families, and lift their families out of poverty.

Invest in education and training opportunities for parents receiving public assistance, and support access to education and training opportunities from ESL, GED, and adult basic education programs to baccalaureate and advanced degrees.

For single mothers, completing a GED or high school diploma reduces their chances of living in poverty by nearly 26%, and increases their chances of getting a job by nearly 77%.¹ Moreover, studies of welfare mothers attending college in five states found that 80–90% who completed college degrees got jobs upon graduation, earning enough to exit the welfare rolls.² Their average annual earnings were \$25,000, and a year after graduation, 80–90% were still employed.³ By contrast less than half of parents in “work-first” programs get jobs and their average hourly wages are only \$6.50 an hour.⁴ A year later, nearly half of parents who found jobs were unemployed and back on welfare again. Clearly, for mothers and fathers on public assistance, education and training is a long-term investment in poor families with *lasting* results.

Eliminate time limits on welfare benefits and work supports.

Time limits penalize parents who are working and playing by the rules, but remain poor—approximately half of parents now receiving welfare in California. Time limits are also unfair to parents who did not receive the work supports and support services they needed to move from welfare to self-supporting work, including help with transportation and childcare costs, access to education and training, mental health services, and domestic violence and substance abuse counseling. To make welfare reform truly work for poor families, policymakers should eliminate time limits and provide low-income mothers and fathers with continued cash benefits and increased work supports that will enable them to keep their jobs and lift their families out of poverty.

1. U.S. Department of Census, Current Population Survey, 1992–2000, in Robert Enoch Buck, San Diego State University, “The Impact of Postsecondary Education on Poverty, Employment and Labor Force Participation Among Single Female Heads of Household with Children.”
2. Marilyn Gittell, Jill Gross, Jennifer Holdaway, *Building Human Capital: The Impact of Post-Secondary Education on AFDC Recipients in Five States*, Howard Samuels State Management and Policy Research Center, City University of New York, (March 1993).
3. Ibid.
4. GAIN: *Benefits, Costs, and Three-Year Impacts of a Welfare-to-Work Program* (Manpower Research and Development Corporation, 1994).